



## Senate

General Assembly

**File No. 219**

February Session, 2002

Substitute Senate Bill No. 424

*Senate, March 28, 2002*

The Committee on Education reported through SEN. GAFFEY of the 13th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### **AN ACT CONCERNING SOLICITATION OF CREDIT CARDS ON COLLEGE CAMPUSES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2002*) (a) For purposes of this  
2       section, "card issuer" and "credit card" shall have the meanings  
3       ascribed to them in section 36a-676 of the general statutes.

4       (b) No card issuer may extend an offer for issuance of a credit card  
5       to any individual under twenty-one years of age on a campus of a  
6       public or independent institution of higher education in a face-to-face  
7       manner or accompanied by a gift or other promotional incentive.

8       (c) Any card issuer wishing to extend offers for issuance of a credit  
9       card on a campus of a public or independent institution of higher  
10      education shall (1) register its intent to extend such an offer with an  
11      appropriate official of such institution, and (2) make available  
12      materials or programs on consumer debt issues.

13 (d) Any card issuer registered pursuant to subsection (c) of this  
14 section and extending an offer for issuance of a credit card to any  
15 individual over twenty-one years of age on a campus of a public or  
16 independent institution of higher education in a face-to-face manner or  
17 accompanied by a gift or other promotional incentive shall (1) verify  
18 the identity and age of such individual, and (2) ensure that such  
19 individual reads a credit card education brochure prepared by the  
20 institution of higher education or a nonprofit consumer debt education  
21 organization.

22 (e) Any public or independent institution of higher education  
23 allowing card issuers to extend offers for issuance of credit cards to  
24 individuals at an athletic event sponsored by such an institution shall  
25 provide a seminar on consumer credit issues as part of the institution's  
26 new student orientation program.

27 (f) No card issuer seeking debt repayment from an individual under  
28 twenty-one years of age who attends a public or independent  
29 institution of higher education may pursue such repayment from a  
30 parent or guardian of such individual, unless the parent or guardian  
31 agreed in writing to be liable for such debt during the credit  
32 application process.

33 (g) Any card issuer that violates any provision of this section shall  
34 be fined not less than five hundred dollars nor more than one  
35 thousand dollars for each violation.

This act shall take effect as follows:	
Section 1	July 1, 2002

**ED**

*Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

<b>Fund-Type</b>	<b>Agency Affected</b>	<b>FY 03 \$</b>	<b>FY 04 \$</b>
GF - Revenue Gain	Judicial Dept.	Potential Minimal	Potential Minimal
GF - Cost	CT State Univ.; UConn; Higher Ed., Dept.; Colleges, Regional Comm.-Tech.	Potential Minimal	Potential Minimal

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

Any credit card issuer that violates the bill's prohibitions or fails to comply with the bill's requirements regarding campus solicitations would be subject to a fine of \$500 - \$1,000 per infraction. Few infractions are anticipated.

Some institutions of higher education (including CCSU, SCSU, and WCSU) have policies in place that prohibit face-to-face solicitation on campus. It is likely that the University of Connecticut would adopt a similar policy upon passage of the bill. The number of infractions related to credit card issuers seeking debt repayment from parents or guardians who have not agreed to be liable for such debt is anticipated to be low because current law provides that someone age 18 or older is responsible for his own debts.

The bill requires institutions of higher education to provide a seminar and brochure on consumer credit issues under some circumstances. These requirements would result in a potential minimal cost that can be absorbed within available resources.

**OLR Bill Analysis**

sSB 424

**AN ACT CONCERNING SOLICITATION OF CREDIT CARDS ON COLLEGE CAMPUSES****SUMMARY:**

This bill prohibits credit card issuers from offering a credit card to anyone under age 21 on a public or private college or university campus either (1) face-to-face or (2) with a gift or other promotional incentive. It requires card issuers who want to offer credit cards on campuses to (1) register their intent to do so with an appropriate school official, and (2) offer materials or programs on consumer debt issues. The bill requires registered card issuers making on-campus credit card offers face-to-face or with a gift or other promotional incentive to people over age 21 to (1) verify each person's age and identity and (2) make sure each person reads a credit card education brochure prepared by the college or university or by a nonprofit consumer debt education organization. Implicit in this requirement is a duty for the college or university to produce or procure a brochure.

If a college or university allows card issuers to make credit card offers at school-sponsored athletic events, the bill requires the school to provide a consumer credit seminar as part of its new student orientation program. The bill prohibits a card issuer seeking debt repayment from a student under age 21 from pursuing repayment from the student's parent or guardian unless the parent or guardian agreed in writing to be liable for the debt during the credit card application process.

The bill fines card issuers violating any of these provisions \$500 to \$1,000 for each violation.

EFFECTIVE DATE: July 1, 2002

**COMMITTEE ACTION**

Education Committee

Joint Favorable Substitute

Yea 19      Nay 8